
REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	23 rd November 2006	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF COMMUNITY SERVICES	OPEN:
MEMBERS' CONTACT POINT:	Bob Ledger x 5775	DOC:
SUBJECT:	Introducing more choice into the allocations process	REF:
WARD(S) AFFECTED:	All	TERMS OF REFERENCE: HCS01

1.0 Purpose of Report

- 1.1 To enable Committee to consider possible changes to the property allocation process following a request from the Committee regarding additional priority to be given to transfer applicants.
- 1.2 Consideration of the government target to move all social housing landlords to a Choice Based Lettings system by 2010.

2.0 Recommendations

- 2.1 That an amendment be made to the allocations policy that increases the proportion of offers made to transfer applicants to half of available properties, following satisfaction of legal obligations towards homeless applicants, i.e. approximately 40% of all offers to go to transfer applicants.
- 2.2 That an amendment be made to the allocations policy that transfer applicants wishing to move to a property of similar size in a nearby location (i.e. within their local letting area) be eligible for 'local connection' points.
- 2.3 That an amendment be made to the allocations policy relating to exceptional social considerations and the following be added; "In cases where members are of the view that such social considerations have not been adequately reflected by an award of such points the matter will be reviewed by the Head of Housing in conjunction with the Chairman of Housing and Community Services Committee, to include the Director of Community Services where necessary.
- 2.4 That the Committee agrees in principal to progress the introduction of a Choice Based Lettings scheme and a detailed feasibility study be prepared on that proposal and reported back to Committee by May 2007.

3.0 Executive summary

- 3.1 The Committee agreed at its 31st August 2006 meeting that a report should be brought before the meeting that "includes proposals for the inclusion of social

desirability in the transfer system between Council properties in a way which is flexible and fair for all Council tenants”.

- 3.2 The report outlines the difficulty in making subjective assessments within the allocations and transfer process and states that by default and good practice, openness and consistency of policy and procedure need to be at the centre of all that we do. With that criteria in mind three changes to the allocations policy are proposed that will:
- Increase the number of transfers
 - Award local connection points to those wishing to transfer to a similar property within a local area thereby encouraging more ‘like for like’ transfers
 - Create a formal opportunity within the allocations policy for members to make representations on social grounds through the Chairman of Housing
- 3.3 The Government has a target that all social rented housing including shared ownership and low cost home ownership be allocated through what is known as Choice Based Letting (CBL) systems by 2010. These systems entail properties being advertised as the landlord becomes aware of their impending availability and that previously assessed applicants then bid for a property. The assessment of the applicants’ circumstances will have entailed them being banded into one of a limited number of pre-set criteria. In advertising the property the landlord will have pre-set which band of applicants would receive priority for that particular property. If more than one applicant was prioritised for a vacancy under the banding system the landlord would make an assessment of which applicant would actually receive the allocation based on housing need.
- 3.4 The Government sees the main benefit of CBL as offering choice and giving people a stake in where they live.
- 3.5 Introducing a CBL system into South Derbyshire would represent wholesale and radical change in policy and process and therefore the Committee is asked to agree that a scheme is progressed in principal and that a detailed feasibility report be produced before the end of the current civic year i.e. by May 2007.

4. Amending our current allocations process to incorporate transfers based on social desirability

- 4.1 Our current allocations process is based upon measuring actual housing need and objectively reflecting that against preset points allocations for each element of need. There are upto 30 different points awards that may be made. In this way applicants are prioritised and available properties are allocated to the applicant with the highest level of points. Most social housing landlords currently use similar systems to allocate properties. Indeed the requirement to give preference to those in most need can be traced back to the Housing Act 1935 and current requirements are contained within the 1996 Housing Act although the Act does not require a system as detailed as our own.
- 4.2 Although our allocations process is based upon housing need there is a strong local connection element within it, in that there is a high weighting placed on the links that an applicant has to a particular part of the district. The top three weightings given are usually to homeless applicants, medical applicants and then local connection.

- 4.3 The division of allocations in 2005/6 was 19% to homeless applicants, 16% to transfer applicants and 65% to waiting list applicants. This is against a quota set by ourselves within the computer system for offers based on a division of equal thirds between the three categories i.e. we are offering a third of properties to transfer applicants but only half of those offers are accepted. Properties will only be offered in circumstances that meet the criteria of area and size of property as stipulated by the transfer applicant. There are currently 1,150 separate applications in our system and as these are all subject to an annual review represent current and up to date demand.
- 4.4 In response to Members concerns that transfer applicants (i.e. current tenants) are not receiving sufficient priority in the allocations process it is proposed that the current weighting between properties offered to transfer applicants as opposed to waiting list applicants be changed and that half of all offers made to non homeless applicants be made to transfer applicants i.e. moving from 33% to 40% offers. It is anticipated that this change will give more movement of residents within estates and it may help to relieve frustrations about waiting list applicants taking priority.
- 4.5 Within the transfer process allocations are also centred on housing need with a strong element of local connection. Of the 48 transfer allocations done in 2005/6, 27 qualified for local connection points i.e. 56% had a close link already to the immediate vicinity in which the available property was located.
- 4.6 Allocations to transfer applicants are not only intended to alleviate housing need amongst current tenants but also to make best use of the Council's stock by enabling people to move to larger or smaller accommodation as their family circumstances change over time.
- 4.7 To some extent, where demand far outstrips the supply of available properties there will always be some dissatisfaction with the allocations process i.e. for every property that gets offered only one applicant is happy and many tens, if not more, are disappointed. Therefore some dissatisfaction with the allocations process is inevitable and indeed in a situation where many do not get an offer of property within a reasonable timescale, and/or what they perceive as a reasonable area, the point could be made that current dissatisfaction levels are extremely low i.e. most people accept that some sort of prioritisation process is inevitable and that the Council is doing the best it can in difficult circumstances.
- 4.8 One of the benefits of the current system is that applicants understand that points are awarded on the basis of objective assessments of their circumstances as established by pre-set criteria. In this scenario most applicants appear to accept that no amount of lobbying of GPs, solicitors, councillors or others will lead to additional priority being allocated. Although at first glance it might be considered that the Housing Service should give weight to such lobbying if it became well known that we did allocate points on that basis it would overwhelm the workload of those being asked to lobby, undermine the objectiveness of the system, lead to accusations of allocations being based upon who an applicant knows rather than what their circumstances are and overall, thereby, lead to loss of confidence in the whole process and the Council along with it. In making any alterations to the allocations process therefore we need to avoid subjective assessments being made by officers of who is and isn't a 'good tenant'.
- 4.9 Even in defining whether a property is kept in good condition is a subjective assessment and are other factors to be taken into account e.g. is a single parent with

three children expected to have the same property care standard as a young couple with no children? If so is this a realistic assessment of the pressures that families work under and if not who decides where the different standards are set and if they have been met? An additional problem would be in ensuring consistency of assessment amongst Housing Officers and thereby consistency around the District.

- 4.10 The current local connection element of the allocations process has the benefit of being based upon a clearly measurable variable i.e. if an applicant has been resident in a particular part of the district for 10 years and a property for which they qualify becomes available for letting in their immediate vicinity their application will receive a 40 point additional local connection boost.
- 4.11 Given that 56% of transfer allocations are already made to those with an already strong local connection the allocations process already achieves significantly in the area of sustaining communities and prioritising those applicants with a reasonable track record as a tenant i.e. no offer can be made to an applicant with rent arrears or with a proven history of anti-social behaviour.
- 4.12 However it is not current practice to award local connection points where applicants are seeking a 'like for like' transfer within their own area i.e. the current practice deems that this local connection requirement is already met and therefore no points be awarded. A consequence of this is that our policy favours movement between areas above movement within areas. If points were awarded for local connection on such like for like transfers this situation would be addressed and those requesting movement within areas would not be disadvantaged. It is therefore proposed that local connection points be awarded to transfer applicants moving on a like for like basis provided that other criteria of the policy are met and that they are a secure rather than an introductory tenant.
- 4.13 The current allocation and transfer process is entirely a delegated officer responsibility. Members sometimes lobby on behalf of constituents applying for housing, as they do in other matters, and officers review and reassess points awards in the light of any new or additional information. The allocations policy though is always adhered to in full to ensure that principles of consistency, openness transparency, fairness, etc are adhered to.
- 4.14 Whilst bearing these principles in mind it is proposed to formalise in the policy member representations through the Chairman of Housing. Of course this does not stop individual members contacting the Housing Service on behalf of a constituent.
- 4.15 There is a rarely used section within the allocations policy that refers to additional social considerations (used 3 or 4 times a year at most) i.e. the more common issues are specified within the policy. In relation to these additional social considerations the current policy reads: "Where an applicant is a key worker, or can demonstrate a social reason which is having a severe effect on the applicant or a member of their household, which would be eased by rehousing, upto 100 points may be awarded at the discretion of the Housing Operations Manager / Head of Housing". It is proposed to add; "In cases where members are of the view that such social considerations have not been adequately reflected by an award of such points the matter will be reviewed by the Head of Housing in conjunction with the Chairman of Housing and Community Services Committee, to include the Director of Community Services where necessary.

5. Choice Based Lettings

- 5.1 The Government has a target that all social rented housing including shared ownership and low cost home ownership be allocated through what is known as Choice Based Letting (CBL) systems by 2010. Although the Secretary of State for Communities said at the Local Government Association conference in July 2006 that she wishes to see much quicker progress by Councils.
- 5.2 CBL systems entail properties being advertised as the landlord becomes aware of their impending availability and that previously assessed applicants then bid for a property. The assessment of the applicants' circumstances will have entailed them being banded into one of a limited number of pre-set criteria bands, probably 1 to 4. In advertising the property the landlord will have pre-set which band of applicants would receive priority for that particular property. If more than one applicant was prioritised for a vacancy under the banding system the landlord would make an assessment of which applicant would actually receive the allocation based on housing need.
- 5.3 Banding systems typically would have a top band to include homeless applicants and those with a clear immediate pressure to move, band 2 would typically include those significantly overcrowded and those with urgent medical needs, band 3 could constitute those with less severe medical needs, marginal overcrowding, underoccupation, lack of facilities and band 4 would be all other applicants. If the Council wished to establish a category based upon track record as a tenant of the Council this could be accommodated. One system utilises a gold, silver and bronze system of banding and it would be possible to have a category that included transfer applicants in the gold (or other) banding.
- 5.4 Larger authorities with CBL schemes produce a weekly newsletter of available properties which is circulated to all community outlets if not posted direct to all applicants. Other authorities advertise available properties through already available media principally the main local paper. This works particularly well in those districts where the local paper is focussed on the same geographical area e.g. Derby Homes advertise in the Derby Evening Telegraph. In areas that are not fortunate to have a co-terminus district and local paper coverage then a variety of media are used. For South Derbyshire this could entail utilising the post office network, the local and mobile library network, free papers, the internet as well as the Burton Mail and the Derby Evening Telegraph.
- 5.5 The Government sees the main benefit of CBL as offering choice and giving people a stake in where they live. Some landlords have claimed other benefits relating to reduced void times (thereby achieving greater income) and other efficiencies. However these seem to relate to areas of the country where demand for some property is low and/or landlord performance is poor. It is difficult to see direct benefits to this Council in administrative terms. The principal benefit would be to give more choice to applicants and as one tenant states on the government document promoting CBL; "You feel that you are in charge. And you can find a place that you think is better for you, rather than have them think you can go here and it might not be suitable".
- 5.6 The Government's policy on CBL schemes originates from a year 2000 document: "*Quality and Choice – a decent home for all*" out of which pilot schemes were run from 2001 –3. The results of these pilots were assessed as; applicants had increased

understanding of allocations and lettings; greater perceptions of fairness than with points systems; applicants wanted more transparent systems; CBL works in high demand as well as low demand areas yet recognising the challenge of balancing choice and need in high demand areas.

- 5.7 The change from traditional allocation systems to CBL is a radical step. There are major policy and practice issues such as balancing need and choice, ensuring that vulnerable households are not disadvantaged and making systems customer orientated. A CBL system is dependent on applicants accessing information on a weekly basis, being able to understand it, make an informed decision on which, if any, properties to bid for and then registering their bid in the correct way. This may be a challenging process for some and in any detailed feasibility work on CBLs we would need to make sure that the vulnerable in society are not disadvantaged by the system. This could be achieved by assessing which applicants are in that vulnerable category at the application stage and then we pro-actively ring them to ask whether they wished to be considered for a particular property at the advertisement stage i.e. we take on the onus of including them in the process.
- 5.8 Equally significant are organisational and management issues such as developing effective partnership working and resolving information communications technology issues (ICT).
- 5.9 The government wants CBL schemes to operate on a regional or sub-regional basis. There are two reasons for this. Firstly, if schemes are shared it reduces the administrative costs in setting up and running schemes in that investments necessary in ICT, training, advertising, etc are borne across a wider base and secondly the government wants to see more flexibility in movement between areas making the point that housing markets do follow local authority boundary lines. In relation to this latter point, outside of the major conurbations, it appears that most people's experience is not to want to move the other end of a neighbouring district but just to have some flexibility to move short distances that happen by geographical chance or historical context to be in another district e.g. shouldn't we be allowing movement between people in Stapenhill (East Staffs) to Newhall as they are next to one another and are part of the same housing market but just happen to be in different local authority areas.
- 5.10 It would also be implicit in setting up a CBL scheme for South Derbyshire that it would incorporate all the Housing Association property within the District particularly as the Government requirement is that all landlords should be moving towards a CBL scheme.
- 5.11 In terms of progressing a CBL scheme the government has been described as adopting a 'carrot and stick' approach. On the one hand it is offering upto 60% of set up costs for schemes given that bids for such resources are made to them on a regional or sub-regional basis. The current situation within the East Midland region is that two CBL schemes are up and running: a long-standing scheme in Derby and a more recent one in Nottingham. The third larger authority in our region, Leicester, is at the feasibility stage. Closer to home Derbyshire Dales are in a partnership with their neighbours to the north, High Peak, and are looking to introduce a scheme in 2007 and have received funding to progress that. East Staffordshire and Trent and Dove are in a consortium of seven districts that cuts across the Warwickshire border and appears to be led by Lichfield District Council. Our other neighbours, Amber Valley and North West Leicestershire are looking at the CBL process but North West

is also in the middle of a transfer campaign and therefore is unlikely to prioritise CBL in the immediate future.

- 5.12 The 'stick' end of the incentive programme appears to date to be based upon CBLs being incorporated into housing sector good practice and in particular into the KLOEs (key lines of enquiry) used by the Audit Commission. In other words if social landlords don't incorporate such schemes they will be marked down in the inspection process accordingly. GOEM have already asked the Head of Housing where South Derbyshire stand on CBLs and informed them "that we are currently looking into the implications". At this stage, 3 or so years away from the deadline, that appears to be a satisfactory response but presumably will only continue to be so for a limited period.
- 5.13 It also needs to be pointed out that CBL has limitations. It will not transform high and low demand housing markets. It has been reported that without huge investment in new and existing affordable housing it may be no more than "re-arranging the deckchairs on the Titanic". Nevertheless evaluation studies show that most customers prefer the CBL processes to traditional systems.
- 5.14 The government strongly believes that CBL is a useful example of a progressive approach for customer choice in public services arguing that the way a service is delivered is as important as the outcomes.

6. Financial implications

- 6.1 There would be financial implications in setting up a CBL scheme. The consortium bid to government being led by Lichfield District Council is I understand in the region of £110,000. The higher cost element involved are ICT issues, primarily about how different landlord IT systems communicate with one another and a project manager to implement introduction. The Government have stated that upto 60% funding is available for setting up CBL schemes and it is anticipated that the next round of bidding will be in the summer of 2007 i.e. this will tie into a local feasibility report being produced for May 2007.
- 6.2 Although the majority of the feasibility work will be undertaken in-house it is proposed that a budget of £5,000 be approved to allow some elements to be contracted out. There will be scope to vire such an amount within the HRA for this matter i.e. no additional finance is sought at this stage.

7. Corporate Implications

- 7.1 If we do not take a decision to progress the CBL scheme option this will have implications in inspection by the Audit Commission both in the Housing and also, presumably, corporately through the Comprehensive Performance Assessment (CPA) process.

8. Community Implications

- 8.1 The main virtue of CBL schemes is that they give applicants the feeling of involvement in the process rather than something being handed down by the landlord. In this way they have been assessed as leading to greater satisfaction in the applicants, greater transparency of process and more sustainable communities.

8.2 Piloting a change to the allocations process by ensuring at least 10% of lettings go transfer applicants of good tenancy record should also lead to higher tenant satisfaction.